

Other Funds Overview

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OTHER FUNDS OVERVIEW

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Other Funds reflect programs, services, and projects funded from non-General Fund revenue sources or a mix of General Fund and non-General Fund sources. These sources include Federal or State grants, specific tax districts, proceeds from the sale of bonds, and user fees and charges. Included are the following categories of Other Funds:

- ◆ Special Revenue Funds
- ◆ Debt Service Funds
- ◆ Enterprise Funds
- ◆ Internal Service Funds
- ◆ Trust and Agency Funds

FY 2003 expenditures for Other Funds total \$3,181,395,908 (excluding General Fund direct expenditures), and reflect a decrease of \$737,193,291 or 18.8 percent from the *FY 2002 Revised Budget Plan* funding level of \$3,918,589,199. This decrease is primarily due to the effect of significant carryover for capital construction and sewer construction projects, and should not be perceived as a major change to programs or operations.

Excluding adjustments in FY 2002, expenditures increase \$192,809,590 or 6.5 percent over the FY 2002 Adopted Budget Plan of \$2,988,586,318. This change is attributable to increases of \$89.5 million in Special Revenue Funds, \$7.8 million in Debt Service Funds, an increase of \$23.1 million in Capital Project Funds, a decrease of \$10.6 million in Enterprise Funds, an increase of \$46.9 million in Internal Service Funds, and an increase of \$36.1 million in Trust and Agency Funds.

The following is a brief discussion of highlights and major issues associated with the various funds. Not included in these discussions are Capital Projects Funds, which are presented in the Capital Projects Overview, and Special Revenue funding for the Fairfax County Public Schools, which is discussed in the Fairfax County School Board's FY 2003 Adopted Budget. A complete discussion of funding and program adjustments in Other Funds is found in Volume 2, Capital Construction and Other Operating Funds in the FY 2003 Adopted Budget Plan. Summary information is provided in the *Financial, Statistical, and Summary Tables* section of this Overview volume.

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds from specific sources that are legally restricted to expenditures for a specific purpose. These proceeds include State and Federal aid, income derived through activities performed by the Division of Solid Waste, special levies, program activity revenue, and operation of the public school system. The following are highlights for various Special Revenue Funds. Details for other funds not shown here are included in Volume 2, Capital Construction and Other Operating Funds in the FY 2003 Adopted Budget Plan.

In FY 2003, Special Revenue Fund expenditures total \$1,989,367,184 a decrease of \$132,434,435 or 6.2 percent from the *FY 2002 Revised Budget Plan* funding level of \$2,121,801,619. Excluding adjustments in FY 2002, expenditures increase \$89,523,023 or 4.7 percent over the FY 2002 Adopted Budget Plan level of \$1,899,844,161. Funds with significant adjustments are as follows:

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Fund 090, Public School Operating: The Board of Supervisors increased the General Fund Transfer to the School Operating Fund by \$11,600,000 over the transfer recommended by the County Executive. The FY 2003 General Fund Transfer for school operations totals \$1,167,861,517, an increase of \$87,949,761, or 8.1 percent over the *FY 2002 Revised Budget Plan* transfer of \$1,079,911,756. In addition, the Board of Supervisors assumed the FY 2003 School Debt Service payment of \$5.7 million, which had been funded from the FY 2003 School Operating Fund. In total, the Board of Supervisors provided \$93.6 million more in funding for school operations. Total County funding to the schools including School Operating and School Debt Service represents 52.5 percent of General Fund Disbursements.

Fund 100, County Transit Systems: In FY 2003, funding of \$22.3 million is included to support the FAIRFAX CONNECTOR system, which will provide service to an estimated 7.0 million passengers. The system includes 163 County-owned buses, providing service on 56 routes to eleven Metrorail stations throughout the region. The remaining \$2.5 million will support commuter rail services operated by the Virginia Railway Express (VRE). This fund provides funding for operating and capital expenses for the FAIRFAX CONNECTOR bus system, comprising the Huntington, Community Bus Service (CBS), and Reston-Herndon Divisions. This fund also includes the County's share of the subsidy for commuter rail services operated by the VRE.

Fund 102, Federal/State Grant Fund: This fund includes both grant awards already received as well as those anticipated to be received in FY 2003, for a total appropriation of approximately \$45.1 million including \$38.2 million held in reserve until the grant award is received and approved by the Board of Supervisors. The breakdown of grant funding by agency includes \$26.3 million for the Department of Family Services, \$4.1 million for the Fire and Rescue Department, \$1.9 million for the Department of Transportation, \$1.8 million for the Health Department, \$1.4 million for the Police Department, \$1.6 million for various other agencies, and \$1.1 million to address unanticipated grants. The remaining \$6.9 million is for grant awards that are appropriated directly to the Police Department for the Community-Oriented Policing (COPS) Universal Hiring Program and the COPS in Schools program and the Fire and Rescue Department for Urban Search and Rescue activities.

Fund 104, Information Technology: FY 2003 project funding of \$8.1 million, including \$1.0 million that will be reallocated from existing projects at the *FY 2002 Carryover Review*, will support initiatives that meet the priorities established by the IT Senior Steering Committee. These projects will complete prior year investments, enhance and expedite citizen access to County resources, and continue development and maintenance of the County's Internet and Intranet initiatives. Funded projects will support initiatives in the Human Services, Planning and Development, Public Safety, and Court Services program areas.

Fund 105, Cable Communications: This fund has a projected FY 2003 appropriation level of \$5.8 million which is a decrease of \$13.4 million or 69.9 percent from the *FY 2002 Revised Budget Plan*. This change is due to a decrease in Operating Expenses and Capital Equipment of \$10.1 million due to the carryover from FY 2001 for costs associated with implementing the I-Net. The I-Net is a fiber optic cable network that will link and provide video and data services to 400 County and Fairfax County Public Schools (FCPS) facilities. The construction of the I-Net is expected to be completed in FY 2004. There is also a decrease of \$4.2 million in contract expenses due to the final I-Net construction payment to Cox Communications scheduled for FY 2002 and not required for FY 2003. These decreases are partially offset by increases of \$1.0 million associated with salary adjustments necessary to support the County's compensation program, Capital Equipment to fund internal infrastructure, including the completion of the internal wiring of County buildings for the I-Net, and replacement of equipment in the Board Auditorium and Production Studio.

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Fund 106, Fairfax-Falls Church Community Services Board (CSB): FY 2003 expenditures for this fund total \$109.8 million, and are funded by a Fairfax County transfer of \$78.4 million, as well as funds from the State, the Federal government, the City of Fairfax, the City of Falls Church, and client fees. In addition to maintaining existing service levels throughout the CSB system, major highlights for FY 2003 include:

- \$1.2 million to provide vocational, transportation, and related services to 94 new special education graduates of the Fairfax County Public Schools. Included in this total is \$0.4 million to fund the full-year lease costs associated with the new West County Developmental Center,
- \$0.7 million to support anticipated inflationary increases for contract vendors,
- \$0.8 million to fund a crisis care facility for children and adolescents, and
- \$0.1 million to provide services at the Women's Shelter formerly supported by a Temporary Assistance to Needy Families (TANF) grant and to fund the procurement, customization, and administration of the *Communities That Care Youth Survey*.

Solid Waste Operations:

The County's Solid Waste Operations are under direct supervision of the Director of the Department of Public Works and Environmental Services (DPWES). The administration of waste disposal is achieved through the Division of Solid Waste Collection and Recycling and the Division of Solid Waste Disposal and Resource Recovery. The composition of operations includes a County-owned and operated refuse transfer station, an Energy/Resource Recovery Facility (E/RRF), a regional municipal landfill operated by the County, two citizens' disposal facilities, 8 drop-off sites for recyclable material, and equipment and facilities for refuse collection, disposal, and recycling operations. Program operations will continue to be accomplished through the two entities consisting of five funds established previously under the special revenue fund structure. The combined expenditures of \$101,777,394, which includes \$74,874 for Solid Waste General Fund Programs, and a staffing level of 319/319.0 SYE are required to meet financial and operational requirements for waste collection and disposal programs in FY 2003. The FY 2003 Adopted Budget Plan funding level represents a decrease of \$21,303,825 or 17.31 percent from the *FY 2002 Revised Budget Plan* estimate of \$123,081,219 primarily attributable to FY 2001 carryover of unexpended capital project balances of \$18,213,138. Highlights by fund are as follows:

- **Fund 108, Leaf Collection:** The expenditures for this fund are decreasing \$0.1 million or 7.7 percent from the *FY 2002 Revised Budget Plan* amount of \$1.3 million primarily due to a decrease in Capital Equipment expenditures based on favorable bid prices. This fund is responsible for the collection of leaves within Fairfax County's leaf collection districts. It is anticipated that in FY 2003, Fund 108 will provide collection service to approximately 19,296 household units within 26 approved leaf districts on three different occasions. Revenue is derived from a levy charged to homeowners within leaf collection districts. The levy charged is \$0.01 per \$100 of assessed real estate value.
- **Fund 109, Refuse Collection and Recycling Operations:** The expenditures for this fund are decreasing \$0.21 million or 1.4 percent from the *FY 2002 Revised Budget Plan* amount of \$14.6 million primarily due to a decrease in Capital Project expenditures based on project completion and reduced Capital Equipment requirements. Fund 109, Refuse Collection and Recycling Operations, is responsible for the collection of refuse within the County's approved sanitary districts and County agencies, and for the coordination of the County's recycling and waste reduction operations, as well as the oversight of the Solid Waste General Fund Programs on behalf of the County. A rate increase for the Solid Waste Reduction and Recycling Centers (SWRRC) from \$195 to \$225 is required primarily due to declining numbers of program participants. See the Solid Waste Overview for more details.

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- **Fund 110, Refuse Disposal:** The expenditures for this fund are increasing \$3.7 million or 8.7 percent over the *FY 2002 Revised Budget Plan* amount of \$42.9 million primarily due to increased disposal tonnage estimates and tipping fee increases. As a result of competitive pricing, continued migration of refuse from the County's waste stream, and the need to maintain the tonnage levels at the E/RRF, disposal rates have been set at levels that have not supported operational requirements since 1995. A General Fund transfer of \$3,439,291 in FY 2003 will cover the FY 2003 projected deficits and partial reserve requirements. See the Solid Waste Overview for more details.
- **Fund 112, Energy Resource and Recovery Facility (E/RRF):** Expenditures for this fund total \$33.9 million in FY 2003 which is primarily the same as the *FY 2002 Revised Budget Plan*. This fund is responsible for the incineration of refuse collected in Fairfax County; a portion collected in the District of Columbia (DC); refuse collected by Supplemental and Spot Market operations; and from Prince William County through a facility use agreement with the County. A disposal rate increase from \$28 per ton to \$30 per ton is included for FY 2003 in order to avoid revenue shortfalls in future years based on negotiated contract rates for the sale of energy at the E/RRF. See the Solid Waste Overview for more details.
- **Fund 114, I-95 Refuse Disposal:** The expenditures for this fund total \$5.7 million for FY 2003 which is a decrease of \$24.7 million or 81.3 percent from the *FY 2002 Revised Budget Plan* of \$30.4 million as a result of the carryover of capital project funding. This fund is responsible for the overall operation of the I-95 Landfill, which is a multi-jurisdictional refuse deposit site dedicated to the disposal of ash generated primarily by the County's Energy/Resource Recovery Facility (E/RRF) and the Arlington/Alexandria incinerator operations.

Fund 118, Consolidated Community Funding Pool: FY 2003 will be the first year of a new two-year funding cycle that uses a consolidated process to set priorities and award funds from both the Consolidated Community Funding Pool and the Community Development Block Grant. In FY 2003, there will be approximately \$8.1 million available for the Consolidated Community Funding Pool process, of which approximately \$6.3 million will be in Fund 118, Consolidated Community Funding Pool, and approximately \$1.8 million will be in Fund 142, Community Development Block Grant. This funding is approximately \$0.3 million more than the FY 2002 total of approximately \$7.8 million as a result of a six percent increase in the Fund 118 funding available for community-based agencies.

Fund 119, Contributory Fund: Funding for all Contributory Agencies is reviewed annually, and the organizations must provide quarterly and annual financial reports to document their financial status. The FY 2003 recommended funding level is \$6.6 million, with details of the organizations' funding in Volume 2, Capital Construction and Other Operating Funds of the FY 2003 Adopted Budget Plan.

Fund 120, E-911: In FY 2003, total expenditures are \$24.3 million, based on a General Fund Transfer of \$4.7 million, revenues of \$16.5 million, State reimbursement of \$2.7 million, and interest earnings of \$0.4 million. All expenditures directly associated with the Public Safety Communications Center (PSCC) will continue to be reflected in this fund. In addition, Information Technology projects associated with the PSCC will continue to be budgeted in this fund. A General Fund Transfer will support any difference between revenues and expenditures.

Complete details of all Special Revenue Funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2003 Adopted Budget Plan. Summary information is provided in the *Financial, Statistical, and Summary Tables* section of this Overview volume.

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DEBT SERVICE FUNDS

There are two debt service funds - **Fund 200, County Debt Service** and **Fund 201, School Debt Service**. These funds account for the accumulation of resources for, and the payment of debt service on, general obligation bonds of the County and Schools, and for special revenue bond debt service.

FY 2003 Debt Service expenditures total \$214,310,359, an increase of \$6,638,211 or 3.2 percent over the *FY 2002 Revised Budget Plan* level of \$207,672,148. Funding includes transfers of \$213,694,272 from the General Fund, \$110,550 from the McLean Community Center, and \$100,000 from the Neighborhood Improvement Program. In addition revenues are anticipated including \$300,000 in bond premiums and \$20,000 in revenue from Fairfax City. Available fund balances of \$85,537 associated with savings in FY 2001 and FY 2002 are also utilized.

This funding level provides for the retirement of County and School general obligation bond and literary loan debt principal and interest due and payable in FY 2003 as well as lease/purchase payments for the Government Center Properties and Fairfax County Redevelopment and Housing Authority (FCRHA) lease revenue bonds issued for community centers and an adult day care center, Certificate of Participation payments for the new South County Government Center and fiscal agent fees.

Complete details of the Debt Service Funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2003 Adopted Budget Plan. Summary information is provided in the *Financial, Statistical, and Summary Tables* section of this Overview volume.

ENTERPRISE FUNDS

Fairfax County's Enterprise Funds consist of seven funds within the Wastewater Management Program (WMP), which account for the construction, maintenance, and operational aspects of the countywide sewer system. The cost of providing sewer service to County citizens and businesses is financed or recovered primarily from user charges.

FY 2003 Enterprise Funds expenditures for sewer operation and maintenance, and sewer debt service total \$141,303,183, a decrease of \$131,695,726 or 48.2 percent from the *FY 2002 Revised Budget Plan* of \$272,998,909 primarily due to the availability of current funds to complete the FY 2003 expansion requirements of the Noman M. Cole, Jr. Pollution Control Plant (NCPCLP) from 54 million gallons per day (MGD) to 67 MGD.

The program includes the County-owned wastewater treatment plant (54 million gallons per day (MGD) capacity), approximately 3,100 miles of sewer lines, 60 pumping stations, 51 metering stations and covers approximately 234 square miles of the County's 399 square-mile land area. In FY 2003, WMP anticipates a total of 332,233 households in Fairfax County will be connected to public sewer in FY 2003.

Current Availability Fee Rates:

In FY 2003, Availability Fees will increase from \$5,069 to \$5,247 for single-family homes based on current projections of capital requirements. The Availability Fee rate for all types of units are adjusted based on continued increases in expenses associated with treatment plant upgrades and interjurisdictional payments that result from population growth, more stringent treatment requirements, and inflation. The following table displays the resulting increase by category.

Category	FY 2002 Availability Fee	FY 2003 Availability Fee
Single Family	\$5,069	\$5,247
Townhouses and Apartments	\$4,056	\$4,198
Hotels/Motels	\$1,267	\$1,312
Nonresidential	\$262/fixture unit	\$271/fixture unit

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Current Sewer Service Charge:

The Sewer Service Charge rate will increase from \$2.88 to \$2.95 per 1,000 gallons of water consumption in FY 2003. Based on this rate increase, the additional annual cost to the typical household is anticipated to be \$5.32. Sewer Service Charges are adjusted based on projected capital requirements associated with the renovation and rehabilitation of existing treatment facilities.

Category	FY 2002 Sewer Service Charge	FY 2003 Sewer Service Charge
Per 1,000 gallons water consumed	\$2.88	\$2.95

The FY 2003 Sewer Service Charge and Availability Fee are based on increased costs associated with capital project construction, system operation and maintenance, debt service, and upgrades to effectively reduce nitrogen discharge from wastewater treatment plants in order to meet new, more stringent nitrogen discharge limitations. The program will also utilize sewer fund balances to partially offset these higher costs. These rate increases are consistent with the recommendations of the Department of Public Works and Environmental Services and the analysis included in the Forecasted Financial Statement for July 1, 2001 through June 30, 2006.

Complete details of the Enterprise Funds, which comprise the Wastewater Management Program, are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2003 Adopted Budget Plan. Summary information is provided in the *Financial, Statistical, and Summary Tables* section of this Overview volume.

INTERNAL SERVICE FUNDS

Internal Service Funds account for services commonly used by most agencies, and for which centralized organizations have been established in order to achieve economies of scale necessary to minimize costs. These internal agencies provide services to other agencies on a cost reimbursement basis. Such services consist of vehicle operations, maintenance, and replacement; insurance coverage (health, workers compensation, automobile liability, and other insurance); data communications and processing; document services; and central acquisition of commonly used supplies and equipment. It should be noted that where possible without degradation of quality, joint County and School service delivery (printing and vehicle maintenance) or joint procurement (health insurance) activities are conducted in order to achieve economies of scale and to minimize costs.

FY 2003 Internal Service expenditures total \$305,868,584, an increase of \$22,981,764 or 8.1 percent over the *FY 2002 Revised Budget Plan* level of \$282,886,820. Excluding adjustments in FY 2002, expenditures increased \$46,946,768 or 18.1 percent over the FY 2002 Adopted Budget Plan of \$258,921,816. Funds with significant adjustments are as follows:

- ◆ **Fund 501, County Insurance:** A net increase of \$0.3 million primarily in Operating Expenses associated with an increase in commercial insurance premiums due to the events of September 11, 2001.
- ◆ **Fund 503, Department of Vehicle Services:** A net expenditure decrease of \$0.8 million due primarily to a net reduction of \$2.8 million in replacement costs, which are based on predetermined criteria and schedules, and an anticipated \$0.3 million decrease in fuel requirements. These decreases are offset by increases of \$0.8 necessary to support the County's compensation program and \$1.5 million in operating and capital requirements to account for anticipated fleet growth in FY 2003.
- ◆ **Fund 505, Technology Infrastructure Services:** This fund's expenditures are decreased \$1.1 million primarily due to a decrease of \$0.9 million in one time funding carried over from FY 2001 into FY 2002 and a decrease of \$0.5 million for re-cabling projects initiated in FY 2002 partially offset by an increase of \$0.3 million primarily for enhanced disaster recovery services.

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- ◆ **Fund 506, Health Benefits Trust Fund:** An increase of \$3.3 million primarily due to a 10 percent cost growth assumption and increased employee participation in the plan.
- ◆ **Fund 591, School Health Benefits Trust:** The increase of \$23.9 million is due primarily to premium rate increases and higher enrollment.

Complete details of the Internal Service funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2003 Adopted Budget Plan and in the Fairfax County School Board's FY 2003 Adopted Budget. Summary information is provided in the *Financial, Statistical, and Summary Tables* section of this Overview volume.

TRUST AND AGENCY FUNDS

Trust and Agency funds account for assets held by the County in a trustee or agency capacity and include the four pension trust funds administered by the County and Schools. The Agency fund is Fund 700, Route 28 Taxing District, which is custodial in nature and is maintained to account for funds received and disbursed by the County for improvements to Route 28.

FY 2003 Trust and Agency funds combined expenditures total \$293,668,505 an increase of \$35,393,259 or 13.7 percent over the *FY 2002 Revised Budget Plan* funding level of \$258,275,246. Excluding adjustments in FY 2002, combined Trust Fund and Agency Funds expenditures increase \$36,124,392 or 14.0 percent over the FY 2002 Adopted Budget Plan level of \$257,544,113.

This increase is primarily due to increases in the four retirement funds as a result of growth in the number of retirees receiving payment.

Complete details of the Trust and Agency funds are found in Volume 2, Capital Construction and Other Operating Funds of the FY 2003 Adopted Budget Plan. In addition, details of the Educational Employees Retirement Fund may be found in the Fairfax County School Board's FY 2003 Adopted Budget. Summary information is provided in the *Financial, Statistical, and Summary Tables* section of this Overview volume.